

Memorandum

Date: January 7, 2008

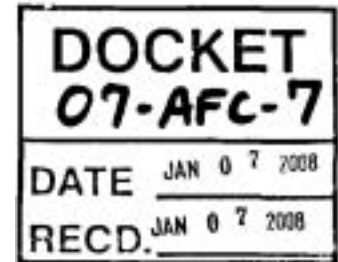
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File: 07-AFC-7

To: Commissioner Jackalyne Pfannensteil, Presiding Member
Commissioner John L. Geesman, Associate Member

From: California Energy Commission - Che McFarlin *C.M.*
1516 Ninth Street
Sacramento, CA 95814-5512
Siting Project Manager

Subject: **COMMUNITY POWER PROJECT (07-AFC-7)**
ISSUES IDENTIFICATION REPORT



Attached is the staffs Issues Identification Report for the Community Power Project (07-AFC-7). This report serves as a preliminary scoping document that identifies the issues that the California Energy Commission staff believes will require careful attention and consideration. Energy Commission staff will present the Issues Identification Report at the Informational Hearing and Site Visit to be held on January 14, 2008.

cc: Docket (07-AFC-7)
Proof of Service List

Attachment

PROOF OF SERVICE / REVISED 12/5/07 FILED WITH
ORIGINAL MAILED FROM SACRAMENTO ON 1/7/08 TP

COMMUNITY POWER PROJECT

(07-AFC-7)

January 7, 2008

ISSUES IDENTIFICATION REPORT

CALIFORNIA ENERGY COMMISSION

Energy Facilities Siting Division

ISSUES IDENTIFICATION REPORT
COMMUNITY POWER PROJECT
(07-AFC-7)

Table of Contents

PROJECT DESCRIPTION..... 4
POTENTIAL MAJOR ISSUES..... 6
SCHEDULING 7
PROPOSED SCHEDULE 8

ISSUES IDENTIFICATION REPORT

California Energy Commission Staff

This report has been prepared by the California Energy Commission staff to inform the Community Power Project Siting Committee and all interested parties of the potential issues that have been identified in the case thus far. These issues have been identified as a result of staff's discussions with federal, state, and local agencies, and our review of the Kings River Conservation District's Application for Certification (AFC) for its Community Power Project, Docket Number 07-AFC-7. The Issues Identification Report contains a project description, summary of potentially significant environmental issues, and a discussion of the proposed project schedule. The staff will address the status of issues and progress towards their resolution in periodic status reports to the Committee.

PROJECT DESCRIPTION

On September 27, 2007, Kings River Conservation District submitted an Application for Certification (AFC) to construct and operate a base-load combined-cycle power plant, the Community Power Project (CPP), in an unincorporated area of southern Fresno County near the city of Parlier. On November 13, 2007, the applicant submitted supplemental information to the AFC to address Energy Commission information requirements. On December 5, 2007, the Energy Commission accepted the AFC as complete for commencing the formal review process.

The proposed project would be a nominal 565 megawatt (MW) natural gas-fired combined-cycle generating facility using two natural gas-fired combustion turbine generators (CTGs). Additional equipment would include two heat recovery steam generators (HRSGs), and one steam turbine generator. Construction is scheduled to begin in September of 2009 with commercial operation planned to begin in May of 2011. This project is proposed as a 12-month AFC. The generation facility will include either Siemens SGT6-5000F or GE 7FA CTG units equipped with foggers or evaporative coolers, a mechanical-draft cooling tower, step up transformers, an overhead electric transmission line, air emissions control equipment, and an aqueous ammonia storage tank. The facility would also have a natural gas pipeline, a reclaimed water supply pipeline, up to four wells north of the project site (near the Parlier waste water treatment ponds), an onsite groundwater well to supply potable water, a tertiary water treatment plant, water storage tanks, a zero liquid discharge (ZLD) system, a storm water retention pond, and a sewer connection for disposal of domestic wastewater. Construction laydown and parking areas would be located on approximately 15 acres of a 40-acre parcel immediately south of the CPP site.

The proposed CPP site is a 32.25-acre parcel near the city of Parlier, Fresno County, California (Assessors Parcel Number 358-032-41). The site is located adjacent to and east of South Bethel Avenue between East Manning and East Dinuba Avenues in an area currently zoned for agriculture that is currently being used predominately for agricultural purposes (vineyards). Existing structures on the project site include a vacant rural dwelling, detached garage, and barn. The proposed project site is currently under a Williamson Act Contract for agricultural land preservation for which the applicant plans to file a petition for nonrenewal with Fresno County. Other land uses in

the area include agricultural land to the west, south, and north/northwest. To the east of the site is the County of Fresno Southeast Regional Disposal Site, a Class III landfill that was closed in 1998. Just north of the proposed site is the city of Parlier's Wastewater Treatment Plant (WWTP). The nearest residence is located approximately 1,800 feet to the north of the project site.

The CPP will connect to the electrical transmission system via a new, 5-mile double circuit 230-kilovolt (kV) radial transmission line that connects to the existing Pacific Gas & Electric (PG&E) McCall Substation west of the project site.

Natural gas for the CPP will be supplied from a new approximately 26-mile long, 20-inch underground pipeline from the project site to an existing PG&E gas pipeline near Visalia, California. The proposed alignment of this gas pipeline closely follows existing road right-of-way corridors. The natural gas will be compressed and filtered at the CPP plant site. Five construction staging areas have also been identified for use during construction of the gas pipeline, each with an approximate size of 200 feet by 200 feet.

The primary source of process water (cooling, boiler makeup, and maintenance) for the CPP will be secondarily treated reclaimed water delivered by new underground pipeline interconnections to the Parlier WWTP and the Sanger WWTP effluent percolation and evaporation ponds located on Lincoln Avenue (i.e., Lincoln Ponds). Approximately 3,485 acre-feet per year will be required for power plant cooling and other uses. Up to four new shallow wells, and associated monitoring wells, for recovering percolated effluent will provide a back-up cooling water supply. Lesser water demands for fire protection, plant service water and domestic water will be provided by a new on-site potable water well drilled into the local groundwater aquifer.

Cooling tower reject water will be concentrated and the water reclaimed onsite using a zero liquid discharge (ZLD) system. Solids generated by the ZLD process will be removed from the site to local landfills. Domestic wastewater will be discharged to the Parlier WWTP by a new sewer interconnection at the northern boundary of the project site. Storm water runoff will be directed to an on-site retention basin.

Air emissions from the proposed facility would be controlled using best available control technology applied to each engine's exhaust. Oxides of nitrogen (NO_x) emissions will be controlled by a combination of dry low NO_x combustors in the CTGs and selective catalytic reduction (SCR) systems in the HRSGs. A carbon monoxide (CO) catalyst will be installed in the HRSGs to limit CO emissions from the CTGs. Volatile organic compound (VOC) emissions will be controlled by an oxidation catalyst. Final permitting by the Energy Commission would reflect conformance with rules and regulations of the San Joaquin Valley Air Pollution Control District and include the issuance of a Determination of Compliance from the District.

The applicant expects to receive a license from the Energy Commission by December 2008, with construction of the project starting September 2009. Full-scale commercial operation is expected to begin in May 2011.

POTENTIAL MAJOR ISSUES

This portion of the report contains a discussion of the potential major issues the Energy Commission staff has identified to date. The Committee should be aware that this report might not include all of the significant issues that may arise during the case. Discovery is not yet complete, and other parties have not had an opportunity to identify their concerns. The identification of the potential issues contained in this report is based on comments of other government agencies and on staff's judgment of whether any of the following circumstances will occur:

1. Potential significant impacts that may be difficult to mitigate;
2. Potential areas of noncompliance with applicable laws, ordinances, regulations or standards (LORS);
3. Areas of conflict between the parties; or
4. Areas where resolution may be difficult or may affect the schedule.

The following table lists all the subject areas evaluated and notes those areas where significant issues have been identified. Even though an area is identified as having no potential issues, it does not mean that an issue will not arise related to the subject area.

Disagreements regarding the appropriate conditions of certification may arise between staff and applicant that will require discussion at workshops or even subsequent hearings. However, staff does not currently believe such disagreements will have an impact on the siting schedule, or that resolution will be difficult to achieve.

Major Issue	Subject Area	Major Issue	Subject Area
No	Air Quality	No	Noise
No	Biological Resources	No	Paleontological Resources
No	Cultural Resources	No	Public Health
No	Efficiency and Reliability	No	Socioeconomics
No	Electromagnetic Fields & Health Effects	No	Soils & Water Resources
No	Facility Design	No	Traffic and Transportation
No	Geological Hazards and Resources	No	Transmission Line Safety
No	Hazardous Materials	Yes	Transmission System Engineering
No	Industrial Safety and Fire Protection	No	Visual Resources
Yes	Land Use	No	Waste Management
No	Project Overview	No	Alternatives

This report does not limit the scope of staff's analysis throughout this proceeding, but acts to aid in the identification and analysis of potentially significant issues that the Community Power Project proposal poses. Staff has prepared data requests in the technical areas of air quality, biological resources, cultural resources, hazardous materials, land use, socioeconomics, transmission systems engineering, visual resources, waste management, as well as water and soil resources. The following discussion summarizes issues, identifies the parties needed to resolve the issue, and outlines a process for achieving resolution.

LAND USE

The Community Power Project will require partial cancellation of Williamson Act contract #1156. The applicant has stated that the process to cancel the contract on the 32-acre parcel has been initiated with Fresno County. The 32 acres would be the footprint of the Community Power Project.

In order to determine whether the cancellation is consistent with the purposes of the Williamson Act, the Fresno County Board of Supervisors must make several findings relative to the specific site and surrounding existing land uses. Williamson Act cancellation proceedings will require at least two publicly-noticed meetings with the Fresno County Board of Supervisors. Depending on the Board's schedule, the county's cancellation process could take up to one year. In addition, there is a 180-day appeal period for a cancellation. As such, the time frame for cancellation and the appeal period could potentially delay the Energy Commission's certification process.

Staff has prepared a data request to have the applicant explain the schedule and status of the cancellation request.

TRANSMISSION SYSTEM ENGINEERING

The System Impact Study (SIS) identified that the Community Power Plant (CPP) would cause transmission line overload and would require reconductoring of either 53.5 miles or 183.7 miles of transmission lines depending on whether the approved (01-AFC-22) San Joaquin Valley Energy Center (SJVEC) would be built or not. The SJVEC is ahead of the CPP in the California Independent Systems Operator generation queue. With the SJVEC and CPP on-line 83.7 miles of line reconductoring would be required. Without the SJVEC, it would require a 53.5 miles of reconductoring.

Staff has prepared a data request asking the applicant to clarify the scope of the reconductoring and prepare the appropriate environmental studies.

SCHEDULING

Following is staff's proposed 12-month schedule for key events of the project. Meeting the proposed schedule will depend on: the applicant's timely response to staff's data requests; the timing of the Air District's filing of the Determination of Compliance; determinations by other local, state and federal agencies; and other factors not yet known.

The San Joaquin Valley Air Pollution Control District (SJVAPCD) will be required to provide a Preliminary Determination of Compliance (PDOC) and a Final Determination of Compliance (FDOC). Prior to the publication of the Preliminary Staff Assessment (PSA) staff normally requires a PDOC from the air district and the FDOC before publishing the Final Staff Assessment.

PROPOSED SCHEDULE

COMMUNITY POWER PROJECT (07-AFC-7)

EVENT	DATE
Applicant files Application for Certification (AFC)	9/27/2007
Executive Director's recommendation on data adequacy	11/20/07
Decision on data adequacy at the business meeting	12/5/07
Staff files Data Requests	1/8/08
Staff files Issue Identification Report	1/7/08
Information hearing and site visit	1/14/08
Applicant provides data responses	2/7/08
Data response and issue resolution workshop	1/31/08
Local, state and federal agency draft determinations & SJVAPCD's Preliminary Determination of Compliance (PDOC)	4/3/08
Preliminary Staff Assessment (PSA) filed	5/3/08
Preliminary Staff Assessment workshop	5/28/08
Local, state and federal agency final determinations & SJVAPCD Final Determination of Compliance (FDOC)	6/2/08
Final Staff Assessment filed	7/2/08
Evidentiary hearings*	TBD
Committee files proposed decision*	TBD
Hearing on the proposed decision*	TBD
Committee files revised proposed decision*	TBD
Commission Decision (anticipated)	12/3/08

* The assigned Committee will determine this part of the schedule

BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION OF THE
STATE OF CALIFORNIA

**APPLICATION FOR CERTIFICATION
for the *KINGS RIVER CONSERVATION*
DISTRICT COMMUNITY POWER
PROJECT**

Docket No. 07-AFC-7

PROOF OF SERVICE

INSTRUCTIONS: All parties shall either (1) send an original signed document plus 12 copies or (2) mail one original signed copy AND e-mail the document to the address for the Docket as shown below, AND (3) all parties shall also send a printed or electronic copy of the document, which includes a proof of service declaration to each of the individuals on the proof of service list shown below:

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DECLARATION OF SERVICE

I, Terry Piotrowski, declare that on January 7, 2008, I deposited copies of the attached Issues Identification Report, in the United States mail at Sacramento, California with first-class postage thereon fully prepaid and addressed to those identified on the Proof of Service list above.

OR

Transmission via electronic mail was consistent with the requirements of California Code of Regulations, title 20, sections 1209, 1209.5, and 1210. All electronic copies were sent to all those identified on the Proof of Service list above.

I declare under penalty of perjury that the foregoing is true and correct.


Terry Piotrowski